

MINUTES OF THE 54TH KENIC BOARD MEETING HELD ON 22ND AUGUST 2011 AT 7.30 A.M. AT THE KENIC BOARD ROOM

PRESENT

Ms. Alice Munyua (Chairperson)
Mr. Ali Hussein
Mr. Michael Katundu
Mr. Charles Nduati
Mr. Moses Kemibaro
Mr. David Wambua (CEO)
Mrs. Lucky Kulecho (Secretary)

ABSENT WITH APOLOGIES

Mr. Charles Njoroge
Mr. Sammy Buruchara
Prof. Meoli Kashorda

The chairperson called the meeting to order at 7.50a.m. on the realization of quorum.

MINUTE 464/54/2011 NOTICE OF MEETING

The Board waived the requisite notice period for convening meetings, in view of the urgency of this meeting.

MINUTE 465/54/2011 AGENDA

The agenda was adopted as proposed.

MINUTE 466/54/2011 CONFIRMATION OF THE MINUTES OF THE 49TH KENIC BOARD MEETINGS

The Minutes of the 49th full Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 467/54/2011 MATTERS ARISING FROM THE MINUTES OF THE 49TH KENIC BOARD MEETINGS

Ex-Minute 425/49/2011-Matters arising from minutes of the 48th Board meeting

The Board noted that Mr. Kiragu, the former CEO, had been paid his terminal dues over a period of three months with effect from April 2011.

Ex-Minute 426/49/2011- Consideration of the 12th Finance Committee Meeting

The CEO explained the challenges Management faced in maintain a maximum balance of Kshs.50, 000 at the M-Pesa account, due to significant amounts deposited by Registrars and challenges experienced in obtaining Board authorizations. While noting the concern, the Board reiterated its oversight role and advised that Management observes the maximum balance, except in exceptional circumstances.

The Board also noted that the balance of Kshs.233, 890 in the ICANN account was never forwarded to KeNIC for use as seed money for hosting the IGF 2011 and directed that a letter be written to TESPOK requesting for transfer of the funds.

The Board further noted that the investment policy had been finalized and directed that the revised travel imprest policy be considered by the Finance Committee before approval by the Board.

Ex-Minute 430/49/2011- KeNIC Secondary Hosting Services

The CEO explained that the MoUs and SLAs with tzNIC, AfriNIC and TESPOK had not been finalized. It was agreed that the Company secretary would review them and pursue finalization.

Ex- Minute 431/49/2011-Update on hosting of the AfTLD Secretariat

The CEO pointed out that following evaluation of proposals to register AfTLD by law firms on CCK's panel of lawyers, it had emerged that the most affordable firm would charge Kshs.89, 000 for the assignment. In the circumstances, Management had sourced for alternative proposals and was able to secure a firm that would charge Kshs.35, 000. The Board tasked Management to present the evaluation to the Finance Committee for consideration.

The Board further noted that KeNIC's position on the AfTLD Board was still vacant and tasked Management to write to AfTLD indicating KeNIC's interest in the position.

Ex-Minute 435/49/2011- KeNIC's position on the Kenya Communications Amendment Act, 2009

The Board noted that this lobby paper was pending finalization and presentation to the Ministry.

MINUTE 468/54/2011 CONFIRMATION OF THE MINUTES OF THE 50TH KENIC BOARD MEETINGS

The Minutes of the 50th full Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 469/54/2011 MATTERS ARISING FROM THE MINUTES OF THE 50TH KENIC BOARD MEETINGS

Ex-Minute 440/50/2011- Acting CEO's Performance Contract

The CEO explained that he had signed performance contracts with the other staff members. The Board directed that the CEO's performance contract be reviewed by the HR Committee, which would then report to the Board.

Ex-Minute 442/50/2011- Investment report

The Board noted that funds that had been invested with the Old Mutual had been transferred to Amana Capital in line with the Board's direction.

Ex-Minute 444/50/2011- Update on tax exemption report

The Board made a decision that the proposed study on the cost benefit analysis of reducing tax on domain names be postponed to next year and expanded to assess the broader role of ccTLDs in economic development.

Ex-Minute 446/50/2011- Marketing Committee report

The Board noted that only one advertising agency had supplied its rate card. The Board, thus, guided that the evaluation report be presented for consideration by the Marketing Committee.

Ex-Minute 448/50/2011- AOB

The Board noted that KeNIC had entered partnership with Google Kenya, to boost the sale of domains. Management was tasked to forward the draft contract governing this partnership to the Company secretary for review. Management was also tasked to partner with Google and KENET in conducting the students' public lecture at the upcoming IGF meeting, in order to create awareness on KeNIC.

The Board requested to have this partnership discussed as a substantive item at its next sitting.

MINUTE 470/54/2011 CONFIRMATION OF THE MINUTES OF THE 51ST KENIC BOARD MEETINGS

The Minutes of the 51st full Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 472/54/2011 CONFIRMATION OF THE MINUTES OF THE 52ND KENIC BOARD MEETINGS

The Minutes of the 52nd full Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 473/54/2011 MATTERS ARISING FROM THE MINUTES OF THE 52ND KENIC BOARD MEETINGS

Ex-Minute 458/52/2011- Review of the 8th AGM

The CEO confirmed to the Board that contrary to allegations made at the 8th AGM, no payments had previously been made for the redesign of KeNIC's website.

MINUTE 474/54/2011 CONFIRMATION OF THE MINUTES OF THE 53RD KENIC BOARD MEETINGS

The Minutes of the 53rd full Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 475/54/2011 MATTERS ARISING FROM THE MINUTES OF THE 53RD KENIC BOARD MEETINGS

Ex-Minute 462/53/2011- Interviews for KeNIC CEO

The Board directed that the company secretary develops a draft contract for engagement of the CEO which, together with the performance contract of the CEO, should be considered by the HR Committee.

Ex-Minute 463/53/2011- AOB

The Board noted that Mr. Dick Waswa had met the HR Committee and agreed to take up the position of Marketing and Communications Manager with effect from 19th September 2011. The Board further noted that the CEO had taken Mr. Waswa through the Strategic Plan and his job description.

MINUTE 476/54/2011 CONSIDERATION OF THE MINUTES OF THE 15TH FINANCE COMMITTEE MEETING

The Chairperson of the Finance Committee took the Board through minutes of the Committee's 15th meeting, pointing out that the net income of KeNIC's investment at Amana Capital as at the mid of July 2011 was Kshs.338, 593, representing a return of 4% p.a. He added that the investment firm was confident that the targeted return of 7% p.a would be attained and possibly surpassed as at 30th November 2011. The Committee was liaising with Amana Capital to identify alternative suitable investment vehicles that KeNIC could participate in.

He also explained that the Committee had noted the internal audit inception report, allowed the consultants to proceed with the assignment and requested them to submit quarterly reports to the Finance Committee.

He added that the Committee had considered KeNIC's financial reports for January to June 2011 and noted a positive variance of 46.51% in its revenues as compared to the same period the previous year. Such growth was attributed to growth in domain registrations and renewals at 88% and 29% respectively. The performance was, however, a -62% variance in comparison to the budget forecast. The expenditure for the period reflected a 44% variance against the budget and a -68.79% compared to the expenditure same period last year. Further, KeNIC's surplus for the period declined by -64% compared to the previous year, while the variance as against the budget was -95%.

He explained that pursuant to the reports, the Committee underscored the need to grow revenues while minimizing costs and to aggressively roll out the marketing plan.

With respect to the IGF funds management consultancy, the Committee noted that pursuant to Minute 426/49/2011 Management had, in view of time constraints, single sourced M/s Githongo & Company to provide fund management consultancy services in respect of the IGF 2011. Negotiations between the parties were on going and Management had drafted a contract to govern the engagement.

The Committee noted that the consultant firm would be in charge of fund management but not fund raising. The firm also proposed to charge 5% of all funds managed as its fees. The Committee further proposed amendments to the clause on payment and the Terms of Reference, amongst others.

In discussing the Minutes, the Board expressed the need to determine the period required should KeNIC wish to withdraw its investments from Amana Capital. The Board also tasked Management to develop a course of action for the remainder of the year, to recover lost time in implementing marketing activities. The Board further expressed the view that KeNIC should be compensated for its input in IGF activities either in the form of consultancy or management fees and tasked Management to develop a policy on such engagements.

After due deliberation, the Board approved minutes of the 15th Finance Committee meeting and directed that Ms. Munyua, Mr. Nduati, Mr. Ali and Mrs. Kulecho meet with the consultant, Mr. Githongo, and finalize the contract and connected matters.

MINUTE 477/54/2011 CONSIDERATION OF KENIC BOARD MEMBERSHIP AND THE BOARD CHAIRMAN'S TERM

The Company Secretary presented the paper, pointing out that KeNIC's Directors should hold office for a period of two years, renewable at the discretion of the Board and that the Board is mandated to elect a Chairperson from amongst its Directors, provided that no government entity invited to the Board membership would be entitled to be elected as Chairperson to the Board. The Chairperson of the Board is to serve a maximum of two two-year terms.

She added that the term of the chairperson and vice chairperson lapsed on 10th August 2011 and that of e-government, KENET, KIF and KICTANET as Board members also lapsed on 22nd August 2011 and hence the Board needed to consider reviewing its membership to ensure that Board vacancies are filled, to enable its continued operation. She further pointed out that the e-government never responded to KeNIC's invitation to nominate a Director for the past term.

After due deliberation, the Board made a decision to:

- a) renew the terms of the KIF and KICTANET for a further two years on the basis of good performance;
- b) renew the terms of the KENET for a further two years, but tasked the company secretary to write to KENET and point out that in view of repeated absenteeism of its nominee, KeNIC proposes that it nominates a person who would be available to participate in KeNIC's meetings;
- c) Renew the term of e-government for a further two years and extend another invitation to the institution to nominate a Director.
- d) extend the term of Mr. Buruchara and Ms. Munyua until 5th September 2011, when a meeting shall be constituted to undertake elections for the positions.

MINUTE 478/54/2011 CONFIRMATION OF THE SYSTEMS ENGINEER

The Chief Executive Officer took the Board through the paper, pointing out that Ms. Brenda Nyangweso had been hired as the Systems Administrator in January 2011 and placed on a six month probation period. The Management had appraised her at the end of the probation period and reported that she had shown exemplary performance and ability to learn on her own. In the circumstances, Management invited the Board to approve the confirmation of Ms Brenda Nyangweso as the KENIC Systems Administrator and the increment of her gross salary from Kshs.110, 000 to Kshs.135, 000 with effect from 4th July 2011.

After deliberation the Board approved the confirmation of Ms. Nyangweso and the increment of her gross salary to Kshs.135, 000 with effect from 4th July 2011.

MINUTE 479/54/2011 ANY OTHER BUSINESS

The Chairperson of the HR Committee sought to present the 2nd quarter's monitoring and evaluation report prepared by M/s IDP (EA). He pointed out that Mr. Andre of IDP (EA) was not available to attend this meeting on short notice. The Board made a decision to defer the matter until Mr. Andre is available to present the report. The Board further noted that monitoring and evaluation should be the responsibility of the CEO and hence there was no further need for the consultancy services. In this regard, the Board requested the company secretary to advise the Board on the performance management contract's exit clause.

There being no other business, the meeting ended at 10.20 a.m.

Confirmed on this _____ day of _____ 2011.

Alice Munyua
For: Chairman

Lucky Waindi
Secretary